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VIA OVERNIGHT MAIL

January 16, 2006

Ms. Elizabeth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

John J. Finnigan, Jr.
Senior Counsel

RECEIVED

JAN 17 2006

PUBLIC SERVICE
COMMISSION

Re: The Annual Cost Recovery Filing for Demand Side Management by The Union
Light, Heat and Power Company
Case No. 2005-00402

Dear Ms. O'Donnell:

Enclosed please find an original and twelve copies of the Amended Application for Approval of a Pilot Home Energy Assistance Program; Approval to Expand Funding; Application for Continuation of the Residential Comprehensive Energy Education and Administration Program; and Adjustment of the 2005 DSM Cost Recovery Mechanism by The Union Light, Heat and Power Company in the above-referenced case.

Please file-stamp and return the two extra copies in the enclosed over-night envelope.

If you have any questions regarding this filing, please call me at (513) 287-3601.

Sincerely,

John J. Finnigan, Jr.
Senior Counsel

JJF/sew

cc: All Parties of Record (with enclosures)

RECEIVED

COMMONWEALTH OF KENTUCKY

JAN 17 2006

BEFORE THE PUBLIC SERVICE COMMISSION

**PUBLIC SERVICE
COMMISSION**

In The Matter Of:)
)
 THE ANNUAL COST RECOVERY FILING) CASE No. 2005-00402
 FOR DEMAND SIDE MANAGEMENT BY)
 THE UNION LIGHT, HEAT AND POWER COMPANY)

AMENDED APPLICATION FOR APPROVAL OF A PILOT HOME ENERGY ASSISTANCE PROGRAM, APPROVAL OF A PILOT PERSONALIZED ENERGY REPORT PROGRAM, AND APPROVAL TO EXPAND FUNDING OF THE C&I HIGH EFFICIENCY INCENTIVE PROGRAM IN CONJUNCTION WITH THE FILING OF THE ANNUAL STATUS REPORT, APPLICATION FOR CONTINUATION OF THE RESIDENTIAL COMPREHENSIVE ENERGY EDUCATION (NEED), AND PROGRAM ADMINISTRATION PROGRAMS, AND ADJUSTMENT OF THE 2005 DSM COST RECOVERY MECHANISM WITH FILING OF AMENDED TARIFF SHEETS FOR GAS RIDER DSM (REVISED SHEET NO. 62.9) AND ELECTRIC RIDER DSM (REVISED SHEET NO. 78.9) AND FILING OF KYPSC ELECTRIC NO. 4 (8TH REVISED SHEET NO. 30) AND KYPSC GAS NO. 5 (92ND REVISED SHEET NO. 30)

On September 30, 2005, The Union Light, Heat and Power Company (ULH&P) with the consensus of the Residential Collaborative and the Commercial and Industrial (C&I) Collaborative, filed the Annual Status Report and an application for continuation of the Residential Comprehensive Energy Education (NEED) and Program Administration programs.

On November 21, 2005, ULH&P filed an application for approval of a new Pilot Home Emergency Assistance Program to be administered under the umbrella of ULH&P's current WinterCare program. On December 22, 2005, ULH&P also filed an application seeking approval to implement the new Personalized Energy Report Pilot program. On the same date, the parties participated in an informal conference. This filing

updates ULH&P's proposed DSM programs in light of events since the informal conference, and also proposes to add additional funding for the existing C&I High Efficiency Incentive program.

With this amended application, ULH&P asks for expedited approval of the new programs, along with approval of the programs included in ULH&P's September 30, 2005 DSM filing. ULH&P seeks approval to implement the programs, as revised herein, with the first billing cycle that begins at least seven days following the Commission's order, provided that such date must be at least 20 days after the date of this amended application, as required by KRS 278.180(1). ULH&P submits that good cause exists for this shortened notice period because ULH&P has previously notified the Residential and the C&I Collaboratives about these programs, and because it would benefit customers to implement these programs as quickly as possible.

ULH&P respectfully requests modification of ULH&P'S amended DSM Riders (revised Appendices E and F) and revised sheets for Electric No.4 and Gas No. 5 attached in Appendices K and L.

I. REVISIONS TO THE HOME ENERGY ASSISTANCE PILOT PROGRAM

ULH&P's November 21, 2005 application sought approval to implement a new Home Energy Assistance Pilot program, as described in that application. ULH&P originally proposed to charge residential electric customers \$0.000265 per kWh and residential gas customers \$0.05 per Mcf for the twelve-month period. ULH&P now revises this proposal to provide that a residential electric customer charge of \$0.10 per customer and a residential gas customer charge of \$0.10 per customer for a twelve month period following Commission approval. ULH&P now reports that the Residential

Collaborative approves this program, as modified in this application.

The charges would be included in the customer charge component of the revised Electric No.4 and Gas No. 5 rates as stated in the attached Appendices K and L. Based on the current number of customers, this is expected to generate approximately \$ 139,841 in electric revenues and \$ 101,454 in gas revenues for a total of \$ 241,295, which is approximately one-third of the projected revenues that would have been produced by the usage charge. The total annual bill impacts of the new customer charges are expected to be approximately \$1.20 for gas customers and \$1.20 for electric customers. These calculations are provided On Page 5 of Revised Appendix D attached.

ULH&P will notify customers of these charges through a bill message to be included on customers' bills during the 12-month period these charges would be in effect. The bill message will separately itemize this charge, and will state that the additional \$0.10 charge is for an energy assistance program approved by the Kentucky Public Service Commission. As described in the November 21, 2005 application, the funds generated would be administered by the Northern Kentucky Community Action Council (CAC) on a discretionary basis. ULH&P will track the collection of funds by type of service (gas or electric) and work with the CAC to implement procedures to disburse the funds according to customers with the like type of service. In this manner, funds raised through gas charges would be credited to gas bills and funds raised through electric charges would be credited to electric bills.

II. PERSONALIZED ENERGY REPORT PILOT PROGRAM

At this time, ULH&P has not obtained a full consensus agreement with the Residential DSM Collaborative regarding the Personalized Energy Report Pilot program.

Consensus has been reached with all collaborative members except that ULH&P is still waiting for the Attorney General's position. The Commission established a timetable for the Attorney General to file comments by January 18, 2006 and for ULH&P to file reply comments by January 27, 2006.

This program was included in a December 22, 2005 application. While full consensus has not yet been reached on the implementation of this program, ULH&P also clarifies its proposal to address one matter discussed at the December 22, 2005 informal conference: for a customer to receive services under the Personalized Energy Report Pilot program, the customer must be located in a single-family residence and must not have received services under the Home Energy House Call or Residential Conservation & Energy Education programs during the last three years. Revised Appendix G incorporates this change in the target market for the program.

III. EXPANSION OF FUNDING FOR THE C&I HIGH EFFICIENCY INCENTIVE PROGRAM

ULH&P began implementing the new C&I High Efficiency Incentive program in the middle of 2005. In the September 30, 2005 filing, ULH&P, with the consensus of the C&I Collaborative, had reduced the projected spending level from \$454,963 (the level approved in Case No. 2004-00389) to \$149,972 due to the reduction in the number of measures being offered. In addition, the level of consumer interest had seemed small from the time of program start-up. Since that time, the demand for the incentives provided by the program has risen dramatically such that the projected budget in the September 30, 2005 filing could be consumed by the end of February. At this time, ULH&P seeks approval to increase the level of spending back to \$454,963 in order to better satisfy

customer demand. ULH&P has obtained consensus agreement with the C&I DSM Collaborative to increase the level of spending back to the \$454,963, the amount previously approved.

The impact of the proposed spending increase is reflected in the calculations provided in Revised Appendix D Reconciliation as well as on Revised Appendix F which presents the level of the DSM rider.

If the Commission requires ULH&P to provide an additional customer notice for this proposed rate, since this amendment would cause the charge for commercial customers to increase, ULH&P requests that the Commission grant a deviation under 807 KAR 5:011, Section 14 to allow ULH&P to begin providing such notice within ten days of a Commission order. ULH&P submits that good cause exists for such deviation because this will allow ULH&P to file its application prior to the previously scheduled deadline for the Attorney General's comments, and it will also allow ULH&P to submit the amended application to the Commission for review in a more timely manner.

IV. CALCULATION OF THE 2006 DSM COST RECOVERY MECHANISM

The addition of the Home Energy Assistance Pilot program and the Personalized Energy Report pilot program to the set of residential DSM programs and the expansion of funding for the C&I High Efficiency Incentive program will have a slight impact of the calculation of the DSM Cost Recovery Riders. The projected level of residential program expenditures would rise from the \$2.3 million stated in the original filing of the application to \$2.7 million. In addition, the projected level of C&I program expenditures would rise from the \$150,000 in the original filing of this application to just over \$450,000. ULH&P is not seeking recovery of lost revenues or shared savings for the Personalized Energy

Report pilot program in 2006 due to the expedited nature of this program. If this program is continued in future years, ULH&P reserves the right to request recovery of lost revenues or shared savings for this program. ULH&P is in the process of providing the required customer notices of these changes.

2006 DSM Riders

ULH&P submits the proposed revised DSM Riders (Revised Appendices E and F). The revised riders are intended to recover projected 2006 program costs, lost revenues and shared savings stated in the original filing, the PER program costs identified in the December 22, 2005 addendum filing, and to reconcile the actual DSM revenue requirement for the period July 1, 2004 through June 30, 2005. Revised Appendix D provides the calculations of the revised DSM Riders. Page 1 of 5 is unchanged. It tabulates the reconciliation of the DSM Revenue Requirement associated with the prior reconciliation, ULH&P's program costs, lost revenues, and shared savings between July 1, 2004 and June 30, 2005, and the revenues collected through the DSM Riders over the same period. The calculation of lost revenues and shared savings only covers the period from the time of the Order in Case 2004-00389 through June 30, 2005. The true-up adjustment is based upon the difference between the actual DSM revenue requirement and the revenues collected during the period July 1, 2004 through June 30, 2005.

The actual DSM revenue requirement for the period July 1, 2004 through June 30, 2005, consists of: 1) program expenditures, lost revenues, and shared savings and 2) amounts approved for recovery in the previous reconciliation filing. The actual program costs incurred are reflected in column (2) labeled "Projected Program Costs 7/2004 to 6/2005."

Revised Appendix D, page 5 of 5 contains the calculation of the revised 2006 Residential DSM Riders. The calculation includes the reconciliation adjustments calculated in Appendix D, page 1 of 5 and the DSM revenue requirement for 2006. The residential DSM revenue requirement for 2006 includes the costs associated with the Residential DSM programs including PER, the program development funds, the pilot Energy Education and Bill Assistance Program (Payment Plus), the Power Manager program, the Energy Star Products program, the Energy Efficiency Website program, and the associated net lost revenues and shared savings (Revised Appendix D, pages 2 and 3 of 5). Total revenue requirements are incorporated along with the projected electric and gas volumes (Revised Appendix D, page 4 of 5) in the calculation of the revised Residential DSM Rider.

Revised Appendix D, page 5 of 5 also contains the calculation of the revenues expected through the application of a 10 cent additional charge for each residential electric and gas customer.

In addition, revised Appendix D, page 5 of 5 also contains the calculation of the 2006 Commercial and Industrial DSM Rider. This calculation is higher than in the initial filing due to the proposed increase in funding of the C&I High Efficiency Incentive program. The calculation includes the reconciliation adjustments calculated in Revised Appendix D, page 1 of 5 and the DSM revenue requirement for 2006. The Commercial & Industrial DSM revenue requirement for 2006 includes the costs associated with the commercial and industrial DSM program (C&I High Efficiency Incentive) and the associated net lost revenues and shared savings (Revised Appendix D, pages 2 and 3 of 5). Total revenue requirements are incorporated along with the projected electric volumes

(Revised Appendix D, page 4 of 5) in the calculation of the Residential DSM Rider.

The Company's proposed Revised 2006 DSM Riders, shown as Revised Appendices E and F, replace the current DSM Riders, which were implemented in the first billing cycle of March, 2005. The gas and electric DSM riders, proposed to be effective with the first billing cycle that begins seven days following the Commission's order in this case, is applicable to service provided under ULH&P's gas and electric service tariffs as follows:

Residential Electric Service provided under:

Rate RS, Residential Service, Sheet No. 30

Non-Residential Electric Service provided under:

Rate DS, Service at Secondary Distribution Voltage, Sheet No. 40

Rate DT, Time-of-Day Rate for Service at Distribution Voltage, Sheet No. 41

Rate EH, Optional Rate for Electric Space Heating, Sheet No. 42

Rate SP, Seasonal Sports, Sheet No. 43

Rate GS-FL, Optional Unmetered General Service Rate for Small Fixed Loads, Sheet No. 44

Rate DP, Service at Primary Distribution Voltage, Sheet No. 45

Rate RTP-M, Real Time Pricing – Market-Based Pricing, Sheet No. 59

Rate RTP, Experimental Real Time Pricing Program, Sheet No. 99

The gas DSM rider is applicable to service provided under the following residential gas service tariff:

Rate RS, Residential Service, Sheet No. 30

Calculation of the Residential Charge

The proposed residential charge per kWh for 2006 was calculated by dividing the sum of: 1) the reconciliation amount calculated in Revised Appendix D, page 1 of 5, and 2) the DSM Revenue Requirement associated with the rider based DSM programs projected for calendar year 2006, by the projected sales for calendar year 2006. DSM Program Costs for 2006 include the total implementation costs plus program rebates, lost revenues, and shared savings. The calculations in support of the residential recovery mechanism are provided in Revised Appendix D, page 5 of 5.

The charge for the residential Home Energy Assistance Pilot program was set at 10 cents per electric and per gas customer.

Calculation of the Non-Residential Charge

The proposed non-residential charge per kWh for 2006 was calculated by dividing the sum of: 1) the reconciliation amount calculated in Revised Appendix D, page 1 of 5, and 2) the DSM Revenue Requirement associated with the DSM program projected for calendar year 2006, by the projected sales for calendar year 2006. DSM Program Cost for 2006 includes the total implementation costs plus program rebates, lost revenues and shared savings.

Allocation of the DSM Revenue Requirement

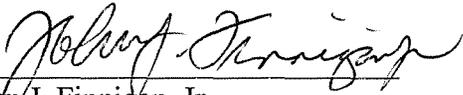
As required by KRS 278.285 (3), the DSM Cost Recovery Mechanism attributes the costs to be recovered to the respective class that benefits from the programs. The amounts associated with the reconciliation of the Rider are similarly allocated as demonstrated in Revised Appendix D, page 2 of 5. The costs for the Power Manager program are fully allocated to the residential electric class, since this is the class directly

benefiting from the implementation of the program. As required, qualifying industrial customers are permitted to “opt-out” of participation in, and payment for, the DSM programs. In fact, all of ULH&P’s Rate TT customers met the “opt-out” requirements prior to the implementation of the DSM Riders in May 1996, and are not subject to the DSM Cost Recovery Mechanism.

WHEREFORE, ULH&P respectfully requests that the Commission approve the DSM programs and revised rider charges as requested herein.

Respectfully submitted,

THE UNION LIGHT, HEAT AND POWER
COMPANY

By: 
John J. Finnigan, Jr.,
Senior Counsel
(Attorney No. 86657)
The Union Light, Heat and Power Company
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Cincinnati, Ohio 45201-0960
(513) 287-3601

CERTIFICATE OF SERVICE

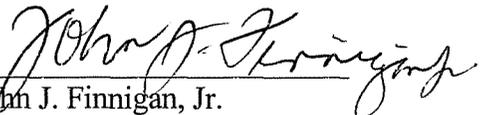
I hereby certify that a copy of the foregoing filing was served on the following via ordinary United States mail, postage prepaid, this 16th day of January, 2006:

Ann Louise Chevront, Assistant Attorney General
The Kentucky Office of the Attorney General
1024 Capital Center Drive
Frankfort, Kentucky 40602-2000

Richard G. Raff
Public Service Commission
730 Schenkel Lane
Frankfort, Kentucky 40602

Florence W. Tandy
Northern Kentucky Community Action Commission
P.O. Box 193
Covington, Kentucky 41012

Carl Melcher
Northern Kentucky Legal Aid, Inc.
302 Greenup
Covington, Kentucky 41011


John J. Finnigan, Jr.

Revised Appendix D
Kentucky DSM Rider

Comparison of Revenue Requirement to Rider Recovery

Residential Programs	7/2004 to 6/2005 (A)		7/2004 to 6/2005 (A)		7/04 through 6/05 (B)		7/04 through 6/05 (B)		7/04 through 6/05 (B)		7/04 through 6/05 (B)		7/04 through 6/05 (B)		7/04 through 6/05 (B)		7/04 through 6/05 (B)		
	Projected Program Costs	Projected Lost Revenues	Projected Shared Savings	Program Expenditures	Program Expenditures	Gas	Electric	Program Expenditures (C)	Gas	Electric	Lost Revenues (C)	Gas	Electric (E)	Gas (D)	Electric (E)	Gas	Electric (F)	Gas (G)	Electric (H)
Res. Conservation & Energy Education	\$ 499,800	\$ 7,742	\$ (8,996)	\$ 4,700	\$ 4,700	\$ 471,174	\$ 174,806	\$ 174,806	\$ 174,806	\$ 77	\$ 270	\$ 751	(383)	NA	NA	NA	NA	NA	NA
Residential Home Energy House Call	\$ 150,000	\$ 37,820	\$ 81,750	\$ 112,147	\$ 76,856	\$ 48,342	\$ 28,514	\$ 41,607	\$ 70,540	\$ 1,205	\$ 10,991	NA	NA	NA	NA	NA	NA	NA	NA
Res. Comprehensive Energy Education	\$ 81,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	NA	NA	NA	NA	NA	NA
Home Energy Assistance Plus	\$ 75,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	NA	NA	NA	NA	NA	NA
Power Manager	\$ 750,000	\$ 60,000	\$ -	\$ 782,927	\$ 88,578	\$ 55,715	\$ 32,863	\$ 782,927	\$ 782,927	\$ -	\$ 21,023	NA	NA	NA	NA	NA	NA	NA	NA
Program Development Funds	\$ 140,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	NA	NA	NA	NA	NA	NA
Energy Star Products	\$ 243,000	\$ 126,096	\$ 9,577	\$ 51,220	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	NA	NA	NA	NA	NA	NA
Energy Efficiency Website	\$ 17,850	\$ -	\$ 4,195	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	NA	NA	NA	NA	NA	NA
Total	\$ 2,057,150	\$ 184,083	\$ 192,869	\$ 1,613,844	\$ 470,965	\$ 1,142,879	\$ 1,552	\$ 32,382	\$ 1,735,648	\$ 585,859	\$ 1,800,320	\$ 1,989,171	\$ 406,293	\$ 226,499					

(A) Amounts identified in report filed on September 30, 2004.
(B) Actual program expenditures, lost revenues, and shared savings for the period July 1, 2004 through June 30, 2005.
(C) Allocation of program expenditures to gas and electric. Uses 62.9% gas based upon salation of gas space heating.
(D) Recovery allowed in accordance with the Commission's Order in Case No. 2004-00389.
(E) Recovery allowed in accordance with the Commission's Order in Case No. 2004-00389.
(F) Revenues collected through the DSM Rider between July 1, 2004 and June 30, 2005.
(G) Column (5) + Column (9) - Column (11).
(H) Column (5) + Column (9) + Column (10) - Column (12).

Commercial Programs	7/2004 to 6/2005 (A)		7/2004 to 6/2005 (A)		7/04 through 6/05 (B)		7/04 through 6/05 (B)		7/04 through 6/05 (B)		7/04 through 6/05 (B)		7/04 through 6/05 (B)		7/04 through 6/05 (B)		7/04 through 6/05 (B)		
	Projected Program Costs	Projected Lost Revenues	Projected Shared Savings	Program Expenditures	Program Expenditures	Lost Revenues	Shared Savings	Reconciliation (C)	Rider Collection (D)	(Over)/Under Collection (E)	Shared Savings	Reconciliation (C)	Rider Collection (D)	(Over)/Under Collection (E)	Shared Savings	Reconciliation (C)	Rider Collection (D)	(Over)/Under Collection (E)	
High Efficiency Program	\$ 52,380	\$ 17,482	\$ 2,674	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lighting	\$ 35,680	\$ 6,661	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
HVAC	\$ 25,169	\$ 5,210	\$ 6,430	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Motors	\$ 112,703	\$ 74,709	\$ 112,207	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ 225,942	\$ 104,062	\$ 124,958	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 1,127,033	\$ 74,709	\$ 112,207	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(A) Amounts identified in report filed on September 30, 2004.
(B) Actual program expenditures, lost revenues, and shared savings for the period July 1, 2004 through June 30, 2005.
(C) Recovery allowed in accordance with the Commission's Order in Case No. 2004-00389.
(D) Revenues collected through the DSM Rider between July 1, 2004 and June 30, 2005.
(E) Column (4) + Column (5) + Column (6) + Column (7) - Column (8).

Revised Appendix D

2006 Projected Program Costs, Lost Revenues, and Shared Savings

Residential Program Summary

	<u>Costs</u>	<u>Lost Revenues</u>	<u>Shared Savings</u>	<u>Total</u>	<u>Allocation of Costs</u>		<u>Budget (Costs, Lost Revenues, & Shared Savings)</u>			
					<u>Electric</u>	<u>Gas</u>	<u>Electric Costs</u>	<u>Electric</u>	<u>Gas Costs</u>	
Residential - Current Programs/Measures										
Residential Conservation & Energy Education	\$ 499,800	\$ 1,283	\$ (1,340)	\$ 499,743	37.1%	62.9%	\$ 185,426	\$ 185,369	\$ 314,374	
Refrigerator Replacement	\$ 100,000	\$ 3,188	\$ 2,254	\$ 105,442	100.0%	0.0%	\$ 100,000	\$ 105,442	\$ -	
Home Energy House Call	\$ 150,000	\$ 15,771	\$ 26,686	\$ 192,457	37.1%	62.9%	\$ 55,650	\$ 98,107	\$ 94,350	
Residential Comprehensive Energy Education	\$ 81,500	\$ -	\$ -	\$ 81,500	37.1%	62.9%	\$ 30,237	\$ 30,237	\$ 51,264	
Home Energy Assistance Plus (continuing)	\$ 75,000	\$ -	\$ -	\$ 75,000	37.1%	62.9%	\$ 27,825	\$ 27,825	\$ 47,175	
Power Manager	\$ 750,000	\$ -	\$ 70,463	\$ 820,463	100.0%	0.0%	\$ 750,000	\$ 820,463	\$ -	
Program Development Funds	\$ 140,000	\$ -	\$ -	\$ 140,000	37.1%	62.9%	\$ 51,940	\$ 51,940	\$ 88,060	
Energy Star Products	\$ 240,430	\$ 126,096	\$ 51,220	\$ 417,746	100.0%	0.0%	\$ 240,430	\$ 417,746	\$ -	
CFL's (Compact Fluorescent Lights)										
Torchiere's (Floor lamps)										
Energy Efficiency Web Site	\$ 21,493	\$ 9,577	\$ 4,195	\$ 35,265	37.1%	62.9%	\$ 7,974	\$ 21,746	\$ 13,519	
Personalized Energy Report Pilot Program	\$ 109,246	\$ -	\$ -	\$ 109,246	37.1%	62.9%	\$ 40,530	\$ 40,530	\$ 68,716	
Total Costs, Net Lost Revenues, Shared Savings	\$ 2,167,469	\$ 155,915	\$ 153,478	\$ 2,476,862			\$ 1,490,011	\$ 1,799,404	\$ 677,458	
Home Energy Assistance Pilot Program	\$ 241,295							\$ 139,841	\$ 101,454	

Small C&I DSM Program Summary

	<u>Costs</u>	<u>Lost Revenues</u>	<u>Shared Savings</u>	<u>Total</u>	<u>Allocations</u>		<u>Budget (Costs, Lost Revenues, & Shared Savings)</u>			
					<u>Electric</u>	<u>Gas</u>	<u>Electric Costs</u>	<u>Electric</u>	<u>Gas</u>	
High Efficiency Program										
Lighting	\$ 243,970	\$ 110,558	\$ 6,061	\$ 360,589	100.0%	0.0%	\$ 243,970	\$ 360,589	NA	
HVAC	\$ 46,170	\$ 3,657	\$ (821)	\$ 49,006	100.0%	0.0%	\$ 46,170	\$ 49,006	NA	
Motors	\$ 19,436	\$ 8,945	\$ 16,987	\$ 45,368	100.0%	0.0%	\$ 19,436	\$ 45,368	NA	
Other	\$ -	\$ -	\$ -	\$ -	100.0%	0.0%	\$ -	\$ -	NA	
Total	\$ 309,576	\$ 123,159	\$ 22,227	\$ 454,963			\$ 309,576	\$ 454,963		

Revised Appendix D

The Union Light Heat and Power Company
Demand Side Management Cost Recovery Rider (DSMR)
Summary of Calculations for 2006 Programs

January, 2006 through December, 2006

	Program Costs (A)
<u>Electric Rider DSM</u>	
Residential Rate RS	\$ 1,799,404
Distribution Level Rates DS, DP, DT, GS-FL, EH & SP	\$ 454,963
<u>Gas Rider DSM</u>	
Residential Rate RS	\$ 677,458

(A) See Appendix D, page 2 of 5.

Revised Appendix D

The Union Light Heat and Power Company
Demand Side Management Cost Recovery Rider (DSMR)
Summary of Billing Determinants

Year	2006
Projected Annual Electric Sales MWH	
Rates RS	1,451,109
Rates DS, DP, DT, GS-FL, EH, & SP	2,285,632
Projected Annual Gas Sales MCF	
Rate RS	7,702,477

Revised Appendix D

The Union Light Heat and Power Company
Demand Side Management Cost Recovery Rider (DSMR)
Summary of Calculations

January, 2006 through December, 2006

Rate Schedule Riders	True-Up Amount (A)	Expected Program Costs (B)	Total DSM Revenue Requirements	Estimated Billing Determinants (C)	DSM Cost Recovery Rider (DSMR)
<u>Electric Rider DSM</u>					
Residential Rate RS	\$ (231,867)	\$ 1,799,404	\$ 1,567,537	1,451,109 mWh	\$ 0.001080 \$/kWh
Distribution Level Rates DS, DP, DT, GS-FL, EH & SP					
	\$ (426,840)	\$ 454,963	\$ 28,123	2,285,632 mWh	\$ 0.000012 \$/kWh
<u>Gas Rider DSM</u>					
Residential Rate RS	\$ 415,922	\$ 677,458	\$ 1,093,380	7,702,477 MCF	\$ 0.141952 \$/MCF
Total Rider Recovery			\$ 2,689,040		
Customer Charge					
<u>Electric No.4</u>					
Residential Rate RS			Annual Revenues \$ 139,841	Number of Customers 116,534	Monthly Customer Charge \$ 0.10
<u>Gas No. 5</u>					
Residential Rate RS			\$ 101,454	84,545	\$ 0.10
Total Customer Charge Revenues			\$ 241,295		
Total Recovery			\$ 2,930,335		

(A) (Over)/Under of Appendix D page 1 multiplied by 1.0237 for 2005 for the average three-month commercial paper rate to include interest on over or under-recovery.
(B) Appendix D, page 2.
(C) Appendix D, page 4.

The Union Light, Heat and Power Company
1697-A Monmouth Street
Newport, Kentucky 41071

Ky.P.S.C. Gas No. 5
Ninth Revised Sheet No. 62
Cancels and Supersedes
Eighth Revised Sheet No. 62
Page 1 of 1

RIDER DSMR

DEMAND SIDE MANAGEMENT RATE

The Demand Side Management Rate (DSMR) shall be determined in accordance with the provisions of Rider DSM, Demand Side Management Cost Recovery Rider, Sheet No. 61 of this Tariff.

The DSMR to be applied to residential customer bills beginning with the February 2006 revenue month is 1.41952 cents per hundred cubic feet.

(R)

Beginning with the February 2006 revenue month, an Energy Assistance Program (EAP) charge of \$0.10 will be applied monthly to residential customer bills.

The DSMR to be applied to non-residential service customer bills beginning with the February 2006 revenue month is 0.00 cents per hundred cubic feet.

Issued by authority of an Order by the Kentucky Public Service Commission, dated 2005-0402.

in Case No.

Issued:

Effective:

Issued by Gregory C. Ficke, President

The Union Light, Heat and Power Company
1697-A Monmouth Street
Newport, Kentucky 41071

Ky.P.S.C. Electric No. 4
Ninth Revised Sheet No. 78
Cancels and Supersedes
Eighth Revised Sheet No. 78
Page 1 of 1

RIDER DSMR

DEMAND SIDE MANAGEMENT RATE

The Demand Side Management Rate (DSMR) shall be determined in accordance with the provisions of Rider DSM, Demand Side Management Cost Recovery Rider, Sheet No. 75 of this Tariff.

The DSMR to be applied to residential customer bills beginning with the February 2006 revenue month is 0.1080 cents per kilowatt-hour. (R)

Beginning with the February 2006 revenue month, an Energy Assistance Program (EAP) charge of \$0.10 will be applied monthly to residential customer bills.

The DSMR to be applied to non-residential service customer bills beginning with the February 2006 revenue month for distribution service is 0.0012 cents per kilowatt-hour, and 0.00000 cents per kilowatt-hour for transmission service. (R)

Issued by authority of an Order by the Kentucky Public Service Commission, dated _____ in Case No. 2005-0402.

Issued:

Effective:

Issued by Gregory C. Ficke, President

ULH&P Personalized Energy Report Pilot Program

Brief Description: The Personalized Energy Report (PER) is a concept which will provide the ULH&P customer with customized energy report aimed at helping them better manage their energy costs. With rising energy costs in all aspects of daily life, the customer is searching for information they can use and ideas they can implement which will impact their monthly energy bill. The PER program also includes the “*Energy Efficiency Starter Kit*” which is nine easily installed measures which demonstrate how easy it is to move towards improved home energy efficiency. For purposes of this pilot program, ULH&P has agreed to test the efficacy of the kit by sending it to 25% of the survey respondents.

Target Market: The program will target single family residential customers in the ULH&P market that have not received measures through the Home Energy House Call energy efficiency audit or Residential Conservation & Energy Education programs within the last three years.

Technology Categories: Program targets the entire home from an energy usage standpoint. The customer will be provided energy tips and information regarding how they use energy and what simple, low cost/no cost measures can be undertaken to lower their energy bill.

Market Barriers: Lack of consumer education on how they individually consume energy in their home and the steps which can be taken to lower energy bills are the major hurdles to overcome. This program is meant to educate the customer and put at their disposal, information, customized tips and simple to install measures which can all lower their energy costs.

Components of Delivery:

Education/Instructions: Both the energy survey which is completed by the customer and generates the personalized energy report and the report itself are excellent educational tools. They will stimulate the customer to think about how they use energy and then will provide them with tools and information to lower their energy costs. Additionally, the instructions on how to install the energy measures will demonstrate to the customer how easy it is to improve their efficiency.

Marketing: The PER program commences with a letter to the customer, offering the Personalized Energy Report if they would return a short, 14 question survey about their home. The survey asks very simple questions such as age of home, number of occupants, types of fuel used to heat, cool and cook. Once returned, the survey is used to generate a customized energy report.

Delivery: The program is delivered completely through ULH&P

Quality Control/Monitoring: ULH&P will complete a follow-up survey with a sub-segment of the customers who received the offer and those who also responded to determine what drove their responses. An additional sub-segment of customers who received the “*Energy Efficiency Starter Kit*” will receive the survey and include questions regarding installation of the measures found in the kit.

Materials:

Personalized energy report: The report will contain the following information:

- Month-to Month Comparisons of 2005 for electric and/or gas usage including the amount of the bill
- Predictions of customer’s usage based on 95th percentile weather conditions (extremely hot summer/extremely cold winter) and 5th percentile weather conditions (extremely mild summer/extremely mild winter). Also includes bill amounts based on 2006 tariffs.
- Trend chart showing usage of electric and/or gas by kWh/CF by month and amount of monthly bill

- Bill comparison of ULH&P vs. the average national electric and/or gas rate
- A disaggregation of how the customer uses electricity and/or gas
- Description of Budget Bill
- Customized energy tips

Customized tips will be based upon the customer's specific answers to questions in the survey. As an example

- If the age of the home is over 30 years, plastic window kits would be a recommended measure
- If over 50% of the ducts are in the attic, adding duct insulation would also be a measure.

“Energy Efficiency Starter Kit”: For the 25% of customers who will be receiving The *“Energy Efficiency Starter Kit”*, the kit contains the following items:

- 2 each 1.5 GPM showerheads
- 1 each Kitchen Swivel Aerator 2.2 GPM
- 1 each Bathroom Aerator 1.0 GPM
- 1 each Bath Aerator 1.5GPM
- 1 each Small Roll Teflon Tape
- 1 each 15 Watt CFL Mini Spiral
- 1 each 20 Watt CFL Mini Spiral
- 2 each 17' Roll Door Weatherstrip
- 1 each Combination Pack Switch/Outlet Gasket Insulators
- Installation instructions for all measures

Cinergy is using a similar kit in the Home Energy House Call and NEED programs with great success. In those programs, the average participant is saving between 240 and 360 kwh and between 10 and 16 therms per year.

The Union Light, Heat and Power Company
107 Brent Spence Square
Covington, Kentucky 41011

KY.P.S.C. Electric No. 4
Seventh Revised Sheet No. 30
Canceling and Superseding
Sixth Revised Sheet No. 30
Page 1 of 2

APPENDIX K

RATE RS

RESIDENTIAL SERVICE

APPLICABILITY

Applicable to electric service other than three phase service, for all domestic purposes in private residences, single occupancy apartments and separately metered common use areas of multi-occupancy buildings in the entire territory of the Company where distribution lines are adjacent to the premises to be served.

Residences where not more than two rooms are used for rental purposes will also be included. Where all dwelling units in a multi-occupancy building are served through one meter and the common use area is metered separately, the kilowatt-hour rate will be applied on a "per residence" or "per apartment" basis, however, the customer charge will be based on the number of installed meters.

Where a portion of a residential service is used for purposes of a commercial or public character, Rate DS, Service at Distribution Voltage, is applicable to all service. However, if the wiring is so arranged that the service for residential purposes can be metered separately, this Rate will be applied to the residential service, if the service qualifies hereunder.

TYPE OF SERVICE

Alternating current 60 Hz, single phase at Company's standard secondary voltage.

NET MONTHLY BILL

Computed in accordance with the following charges:

- | | | | |
|----|----------------------------|--|------------------|
| 1. | Base Rate | | |
| | (a) Customer Charge | | \$3.73 per month |
| | (b) Energy Charge | | |
| | Summer Rate | | |
| | First 1,000 kilowatt-hours | | 6.562¢ per kWh |
| | Additional kilowatt-hours | | 6.873¢ per kWh |
| | Winter Rate | | |
| | First 1,000 kilowatt-hours | | 6.562¢ per kWh |
| | Additional kilowatt-hours | | 5.059¢ per kWh |

2. Fuel Cost Adjustment

All kilowatt-hours shall be subject to an adjustment per kilowatt-hour in accordance with "FUEL Issued by authority of an Order of the Kentucky Public Service Commission dated December 1, 1995 in Case No. 95-312."

Issued: December 7, 1998

Effective: June 29, 2000

Issued by J. L. Turner, President

The Union Light, Heat and Power Company
107 Brent Spence Square
Covington, Kentucky 41011

KY.P.S.C. Electric No. 4
Seventh Revised Sheet No. 30
Canceling and Superseding
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COST ADJUSTMENT" schedule set forth on Sheet No. 80 of this tariff.

3. DSM Charge

All kilowatt-hours shall be subject to the charge stated on Sheet No. 78, Rider DSMR, Demand Side Management Rate for residential service. In addition, the EAP charge shown on Rider DSMR shall be added to the monthly Customer Charge shown above,

The minimum charge shall be the Customer Charge as shown above.

BILLING PERIODS

For purposes of the administration of the above Base Rate charges, the summer period is that period represented by the Company's billing for the four (4) revenue months of June through September. The winter period is that period represented by the Company's billing for the eight (8) revenue months of January through May and October through December.

LATE PAYMENT CHARGE

Payment of the Net Monthly Bill must be received in the Company's office within twenty-one (21) days from the date the bill is mailed by the Company. When not so paid, the Gross Monthly Bill, which is the Net Monthly Bill plus 5%, is due and payable.

TERMS AND CONDITIONS

This rate is available upon application in accordance with the Company's Service Regulations.

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission, as provided by law.

Issued by authority of an Order of the Kentucky Public Service Commission dated December 1, 1995 in Case No. 95-312.

Issued: December 7, 1998

Effective: June 29, 2000

Issued by J. L. Turner, President

The Union Light, Heat and Power Company
1697-A Monmouth Street
Newport, Kentucky 41071

Ky. P.S.C. Gas No. 5
Ninety-second Revised Sheet No. 30
Canceling and Superseding
Ninety-first Revised Sheet No. 30
Page 1 of 1

APPENDIX L

RATE RS

RESIDENTIAL SERVICE

APPLICABILITY

Applicable to firm natural gas service, which is comprised of commodity gas supply and local delivery service, required for all domestic purposes in private residences, single occupancy apartments, and common use areas of multi-occupancy buildings, when supplied at one point of delivery where distribution mains are adjacent to the premises to be served.

NET MONTHLY BILL

The Net Monthly Bill is determined as follows:
All gas is billed in units of 100 cubic feet (CCF).

Customer Charge per month:	\$12.00	(R)
Plus the applicable charge per month as set forth on Sheet No. 63, Rider AMRP, Accelerated Main Replacement Program		

	<u>Delivery Rate</u>		<u>Gas Cost Adjustment</u>		<u>Total Rate</u>	
Plus a commodity Charge for all CCF at	\$0.26840	plus	\$1.47700	Equals	\$1.74540	(R)

Plus, all delivered gas shall be subject to an adjustment per CCF as set forth on Sheet No. 62, Rider DSMR, Demand Side Management Rate. In addition, the EAP charge shown on Rider DSMR shall be added to the monthly Customer Charge shown above.

The "Customer Charge" shown above plus Rider AMRP shall be the minimum amount billed each month.

The "Gas Cost Adjustment" as shown above, is an adjustment per 100 cubic feet determined in accordance with the "Gas Cost Adjustment Clause" set forth on Sheet No. 70 of this tariff.

When bills are rendered less frequently than monthly the time related units such as cubic feet blocks, minimum or other charges, will be billed in accordance with the number of billing months in the meter reading interval.

LATE PAYMENT CHARGE

Payment of the Net Monthly Bill must be received in the Company's office within twenty-one (21) days from the date the bill is mailed by the Company. When not so paid, the Gross Monthly Bill, which is the Net Monthly Bill plus 5%, is due and payable.

SERVICE REGULATIONS

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission and to Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission, as provided by law.

Issued by authority of an Order of the Kentucky Public Service Commission, dated 2005 in Case No. 2005-0420.

Issued:

Effective: